

**DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING**

Thursday, May 30, 2013, 9:30 a.m.

1701 North Congress Avenue, Travis Building, Room #1-104, Austin, Texas 78701

MINUTES

PRESENT Charles Bacarisse (Chair)
Robert Pickering
Cynthia Villa
Richard Moore
Wanda Rohm
Arthur Troilo III
Keith Morrow
Bill Parker, Ex-officio
George Rios, Ex-officio
Brad Livingston, Ex-officio

ACTION Mr. Bacarisse called the meeting to order at 9:33 a.m. with a quorum present.

TOPIC **II. Approve Minutes from the Feb. 7, 2013, Board meeting**

MOTION A motion was made to approve the previous meeting minutes by Ms. Rohm and seconded by Mr. Richard Moore.

ACTION The minutes were unanimously approved.

TOPIC **III. Executive Director's Report**

DISCUSSION Ms. Karen Robinson, Executive Director, thanked Mr. Bacarisse and the board for their support and guidance during the 83rd Legislative session. She also commended the DIR staff for their hard work.

She reported the following: DIR just received approval from the Legislative Budget Board to expend our data center services revenue in excess of what we currently were appropriated in FY 2013. The legislature approved funding for our statewide cybersecurity initiatives for the next biennium through collected fees from our existing revenue streams. This action is significant because it demonstrates recognition of the importance of a strong cyber security strategy for the state.

DIR has reached its one-year anniversary with its new vendor partners for the data center services program. We have seen significant improvements in our customer relationships and have also seen interest from local governments and other states. As a result of the yearly review of the program, we have taken it in a new direction and really renewed our focus on server consolidation.

Ms. Robinson introduced the new DIR employees.

Mr. Bacarisse welcomed Cynthia Villa and Brad Livingston to the board. Mr. Bacarisse also thanked Lori Person, Amy Baillargeon and team on a super job on the legislative session. The entire DIR staff deserves credit on taking this agency from where it was in the last session to where we are today.

TOPIC **IV. Audit & Finance**

DISCUSSION Mr. Moore gave an update from the Audit and Finance subcommittee. The Audit and Finance Subcommittee reviewed the Internal Audit Report for Statewide Project Delivery and recommend approval of this report.

Mr. Andy Dimas, Internal Auditor, requested board approval for the Internal Audit Report for Statewide Project Delivery.

MOTION A motion was made to approve the Internal Audit Report for Statewide Project Delivery by Mr. Moore and seconded by Mr. Rios.

ACTION The motion was unanimously approved.

DISCUSSION Mr. Dimas presented a brief update on the current audits to the board:

- FY 2013 audit plan;
- Enterprise contract and information security audits are in process;
- Monitoring work of the data center, under the SSAE 16;
- KPMG is conducting annual financial review of Texas.gov; a report will be presented at the next board meeting;
- SAO is auditing the cooperative contracts program on site;
- Internal Audit is preparing for a peer review.

Mr. Bacarisse asked what is involved in a peer review. Mr. Dimas explained that a peer review will look at how the shop is running, review it to see if we are complying with standards, review different work papers to see if it conforms to standards , and speak with managers concerning audit and review reports.

Mr. Moore asked if a peer review is done by small groups. Mr. Dimas indicated no more than two for the peer review and they will make recommendations. Mr. Dimas also informed the board that we are reviewed every three years.

Mr. Moore informed the board, that Ms. Villa is on the audit and finance subcommittee and she has agreed to chair. Mr. Moore commented to let the chairman know if any other members would like to join. We would like to have one more member.

Mr. Nick Villalpando, Chief Financial Officer, gave a brief update to new board members regarding financial operating funding received for the agency. For the current biennium, almost all of DIR's funding comes from fees charged to customers who use DIR services (cost-recovery). The administrative fees are set at levels intended to be sufficient to recover DIR's operating costs. DIR receives about \$700,000 in general revenue for the oversight of Texas.gov.

Mr. Villalpando updated the board on the second quarter financial statement. He informed the board that the agency's operating revenue is trending 1% under budget. Operating expenses are trending on target within our budget.

Mr. Villalpando presented information on three budget amendments for approval by the Board:

- Amendment #1 is for TEX-AN and Cooperative Contracts Revenue.
- Amendment #2 is for increasing professional fees, telecom infrastructure and other initiatives.

- Amendment #3 is a reclassification of budgeted expenditures based on mid-year true-up.

Ms. Rohm asked what MPLS is. Mr. Marsh responded it is Multi-Protocol Label Switching, a data circuit. Ms. Rohm asked if it increases the budget. Mr. Villalpando responded there is a zero net effect to the overall budget.

MOTION A motion was made to approve Amendment #1 by Mr. Moore and seconded by Ms. Rohm.

ACTION The motion was unanimously approved.

MOTION A motion was made to approve Amendment #2 by Ms. Rohm and seconded by Mr. Moore.

ACTION The motion was unanimously approved.

Mr. Moore recommended that we do the operating budget for next year. Please break down the professional fees into four or five categories.

MOTION A motion was made to approve Amendment #3 by Mr. Pickering and seconded by Ms. Rohm.

ACTION The motion was unanimously approved.

Mr. Villalpando informed the board of Amendment #4, approved by the executive director, to increase professional fees for the Data Center Services program assessment. Mr. Villalpando updated the board on FY 2014-2015 legislative appropriations. DIR is no longer appropriated any general revenue for oversight of Texas.gov.

Mr. Carl Marsh, Chief Operating Officer, indicated that it's been a year since we had the transition to a new service delivery model and had a third-party come in to review the contract, determine the outcomes of the contract and assess where we are with the operations. We need to look at what we need to do to effectively execute the business to move forward for the next one to two years.

Mr. Morrow asked if there is in adherence to the contract. Mr. Marsh responded there is adherence to the contract. DIR also wants to know if the contract we have in place makes sense, or should we look at amendments on the contract moving forward to create alignment.

Mr. Morrow asked if you have selected the vendor for doing the work. Mr. Marsh answered yes, the vendor is Gartner.

Mr. Moore commented that in the review that Gartner does, if Gartner can ensure that DIR has a better handle on the inventory. When DIR transitions to someone else, we are not waiting for the current provider to provide that information for the RFP purposes.

TOPIC **V. Rules**

DISCUSSION Mr. Martin Zelinsky, General Counsel, presented two rules for consideration and publication for review.

- Consider publication of the Notice of Rule Review in Texas Register for 1 TAC, Chapter 205, relating to Geographic Information Standards.
- Consider publication of the Notice of Rule Review in Texas Register for 1 TAC, Chapter 215, relating to Statewide Technology Centers for Data and Disaster Recovery Services.

MOTION A motion was made to approve the Notice of Rule Review in Texas Register by Mr. Troilo and seconded by Ms. Villa.

ACTION The motion was unanimously approved.

TOPIC **VI. Chief Operating Office Update**

DISCUSSION **b) Data Center**

Mr. Marsh updated the board on the Data Center Services Program. Mr. Marsh discussed the backlog service requests. The backlog service request continues to trend down. Over the next 60 days you will see a crossover where we will close out the backlog service requests.

Mr. Marsh also discussed the DCS work orders and customer incidents. One of the drivers that impact the customer incident numbers most significantly is aging servers. DIR has a program in place for refreshing servers. The program has not had a lot of traction, but with the new providers, DIR is seeing a large movement in new servers. There are a significant amount of servers in the data center that need to be either upgraded or decommissioned. The owner-server refresh program will drive the numbers down as we continue.

Ms. Rohm asked, when those aging servers are replaced, is that something DIR has to purchase? Mr. Marsh answered yes, but the cost of the replacement is built in to the Capgemini and Xerox contracts.

Mr. Moore asked, does DIR count provisioning user accounts as a work order? Mr. Marsh answered yes.

Mr. Moore asked, out of the 2,600, what percentage are new accounts? Mr. Marsh will get that information for Mr. Moore.

Mr. Troilo asked, do the customer incidents represent total server malfunctions or incidents where there is fatal stoppage of functionality? Is this an incident that occurred where maybe it was taken care of remotely? Mr. Marsh responded that Capgemini uses an SLA methodology which is a severity 1– severity 4. Severity 1 meaning total outage and Mr. Marsh states that he can take that number and provide information that actually breaks down that number. We are interested in service-impacted issues which would be severity 1 outages. Those would be severity outages around applications that our customers deemed as a certain criticality, or we may have a severity 1 that a customer does not deem mission critical.

Mr. Troilo requested the numbers on the issues were resolved remotely, or actually required intervention at the site or much more seriously and required replacement. Mr. Marsh will get information for Mr. Troilo.

Mr. Troilo asked, from February to present on where we are heading? Mr. Marsh informed the board that the operations' numbers will start trending down because as server consolidation and consolidation of computers continue to increase, and as you consolidate more into data center then the number will drive down.

Ms. Rohm asked, what does compute mean? Mr. Marsh answered that it is any IT request that our customers need.

Ms. Villa asked, are projects being done on a timely basis and within budget? Mr. Marsh answered that it is a 3-prong approach. DIR, Capgemini and Xerox Services will meet with the customers and review projects, deliverables and scopes. It's collaboration with the customer. The customer has to test the application, and we work with the customer's IT department. Once the project is completed, we follow-up with the customer. There are reports, meetings and close-out meetings throughout the projects.

Ms. Villa asked, is the survey done monthly and who does it go to? Mr. Marsh answered that the survey goes to all member agencies' Chief Information Officers.

Mr. Marsh gave an update on server consolidation. The contract with our vendor partners required a server count (true-up) initiative in January. This resulted in 5,654 actual deployed servers of which 41% were consolidated in the first 12 months.

DISCUSSION

c) Texas.gov

Mr. Marsh updated the board on Texas.gov. DIR, NIC and Office of Court Administration (OCA) have reached an agreement regarding eFiling. DIR will be out of eFiling by the end of the year and transferred from NIC to OCA's new vendor. Transition starts as early as August and concludes at the end of year. DIR has added a link for West, Texas on the website. We have refreshed the look and feel of the Texas.gov website to attract the interest of our citizens and new initiatives.

DISCUSSION

d) Technology Sourcing Office

Mr. Marsh updated the board on the Technology Sourcing Office (TSO). TSO is looking at a RFO for software resellers, which is a big contract for cooperative contracts. TSO's Enterprise Contracts manages the large contracts. DIR is concluding several RFOs, which includes the new Cloud RFO. This is the first Cloud RFO we rolled out.

Mary Cheryl Dorwart, Director for TSO, gave an update on the HUB program. DIR has a dual role in HUB coordination. Internally we have what DIR purchases for its operation and then we have the cooperative contracts program which allows our customers to purchase from HUBs. We also monitor HUB participation in our large contracts: Texas.gov, Data Center Services and TEX-AN. Ms. Dorwart introduced our new HUB coordinator, Lisa Maldonado, who joined the HUB program in February. In addition to HUB reporting on our expenditures, there was also a component to the program called "good faith effort." Good faith effort is around what are we doing to help support the historically underutilized businesses. This is where large prime vendors will sign agreements with minority small vendors and mentor them. We currently have 10 agreements in place, six prime vendors participating and eight participating HUBs. Ms. Dorwart also discussed HUB reporting and HUB events in which DIR has been involved.

Mr. Troilo asked, could you provide some details about the types of professional services and other services on the side, please touch on some highlights for those two areas since collectively those are pretty healthy expenditures? Ms. Dorwart responded that the things that are reported under professional services and other services are based on comptroller object codes. Other services that fall in there are consulting services, some of the same professional services Nick [Villalpando] mentioned earlier fall under that. I will be happy to get you more detail about those numbers.

Mr. Bacarisse requested approval to establish a cooperative contract and HUB compliance subcommittee. It will be a liaison to the board. He recommended Mr. Troilo chair the Cooperative Contract and HUB Compliance subcommittee.

MOTION A motion was made to establish Cooperative Contract and HUB Compliance Subcommittee by Mr. Pickering and Ms. Rohm seconded

ACTION The motion was unanimously approved.

e) Communication Technology Services.

DISCUSSION Mr. Moore gave an update on the Communication Technology Subcommittee meeting. He received a very good update on where we are going and where we are with MPLS implementation. The committee also received an update from the CISO.

f) Program & Portfolio Office (PPMO)

g) Information Security

TOPIC VII. Legislative Update

DISCUSSION Lori Person gave the board a Legislative update. She discussed the number of bills filed, bills on which DIR testified and the number of Legislative requests to DIR.

The Sunset bill was passed in May. DIR received a continuation for eight years; this puts us back in the cycle for every 12 years. The sunset bill also calls for a sunset review of DIR and CPA's procurement functions. We are working with CPA to review procurement and ensure no duplication exists.

Ms. Person discussed the recommendations from the Biennial Performance Report (BPR), which resulted in legislation. She discussed the recommendation regarding videoconferencing, which the board may want to consider; the presiding officer/chair must be at a location that is accessible to the public and allows for public comment.

As a follow up to Senator Van de Putte's bill last session, the Cybersecurity Council has been extended for two more years. The bill provides for DIR to implement the recommendations from the Council. The executive director is to appoint a state cybersecurity coordinator, and state agencies will be required to develop a cybersecurity plan that they will submit to DIR.

TOPIC Public Testimony – No Public testimony.

MOTION A motion was made to adjourn the meeting by Mr. Moore and Ms. Rohm seconded the motion

ACTION The meeting adjourned at 11:50 a.m.

Approved by the Board Chair:

Charles Bacarisse, Chairman

Date